

STATE OF LOUISIANA LEGISLATIVE AUDITOR

WWNO-FM Radio Station
University of New Orleans
Louisiana State University System
State of Louisiana
New Orleans, Louisiana

February 13, 2007



Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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LEGISLATIVE AUDITOR

Daniel G. Kyle, Ph.D., CPA, CFE

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**WVNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana**

**Financial Statements and
Independent Auditor's Report
As of and for the Year Ended June 30, 2001**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

February 13, 2002

**WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Financial Statements and
Independent Auditor's Report
As of and for the Year Ended June 30, 2001**

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OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BAYOU BOULEVARD, LOUISIANA 70004-9000

BAHNSIG 87511, MISS, EPA, ST
LEGISLATIVE AUDITOR

MISSOURI TRUCK STREET
POST OFFICE BOX 8487
TELEPHONE: (214) 204-8888
FACSIMILE: (214) 204-8878

January 24, 2002

Independent Auditor's Report
on the Financial Statements

WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying Statement of Financial Position, Statement of Financial Activity, and Statement of Cash Flows of WWNO-FM Radio Station, a public telecommunications entity operated by the University of New Orleans, as of and for the year ended June 30, 2001. These financial statements are the responsibility of management of the radio station. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the financial statements of WWNO-FM Radio Station are intended to present the financial position, results of operations, and cash flows of only that portion of the funds of the University of New Orleans that is attributable to the transactions of the radio station.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WWNO-FM Radio Station, University of New Orleans, at June 30, 2001, and the results of its operations and the cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 4 to the financial statements, WWNO-FM Radio Station, University of New Orleans, changed its capitalization threshold for measurable property from \$250 to \$1,000 in 2001.

WVNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Audit Report, June 30, 2001

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of WVNO-FM Radio Station, University of New Orleans. Such information has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

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**WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
(OPERATED BY THE UNIVERSITY OF NEW ORLEANS)**

**Statement of Financial Position
June 30, 2001
(With Comparative Totals for 2000)**

	UNRESTRICTED	RESTRICTED	TOTAL	2000 TOTAL
ASSETS				
Cash and cash equivalents (note 2)		\$1,206,470	\$1,206,470	\$1,114,545
Accounts receivable		22,878	22,878	2,350
Long-term investments (note 3)		160,262	160,262	158,244
Equipment (note 4)	\$504,854		504,854	554,837
TOTAL ASSETS	\$504,854	\$1,389,610	\$1,894,464	\$1,829,976
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable		\$1,500	\$1,500	\$100
Long-term liabilities - accrued sick and annual leave payable (note 5)		48,676	48,676	50,845
Total Liabilities	\$0.00	50,176	50,176	50,945
Net Assets:				
Restricted:				
Designated for capital outlay (note 10)		176,000	176,000	650,000
Operating		614,562	614,562	614,555
Unexpended	\$504,854		504,854	594,837
Total Net Assets	\$504,854	1,338,632	1,843,486	1,829,800
TOTAL LIABILITIES AND NET ASSETS	\$504,854	\$1,389,610	\$1,894,464	\$1,859,800

The accompanying notes are an integral part of this statement.

**WVNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF NEW ORLEANS**

**Statement of Financial Activity
For the Year Ended June 30, 2001
(With Comparative Totals for 2000)**

	2001		2000
	UNRESTRICTED	RESTRICTED	TOTAL
			TOTAL
Support and Revenues			
State and local grants		\$24,671	\$24,671
University support	\$264,119		264,119
Corporation for Public Broadcasting		128,152	128,152
Private restricted - other		1,067,007	1,067,007
Investment income		51,673	51,673
Total support and revenues	<u>264,119</u>	<u>1,249,003</u>	<u>1,513,122</u>
Expenses			
Program services:			
Programming and production	112,356	488,143	600,499
Broadcasting	45,858	302,803	348,661
Program information	36,673	154,808	191,481
Support services:			
Management and general	28,731	84,368	113,099
Fund raising	42,762	173,158	215,920
Total expenses	<u>264,119</u>	<u>1,043,469</u>	<u>1,307,588</u>
CHANGE IN NET ASSETS BEFORE CAPITAL DELETIONS	None	195,534	195,534
Capital deletions	<u>(21,385)</u>		<u>(21,385)</u>
CHANGE IN NET ASSETS AFTER CAPITAL DELETIONS	<u>(21,385)</u>	<u>195,534</u>	<u>174,149</u>
NET ASSETS AT BEGINNING OF YEAR (related - note 4)	508,547	1,264,003	1,772,550
Equity transfer - equipment acquisition	<u>115,000</u>	<u>(115,000)</u>	
NET ASSETS AT END OF YEAR	<u>\$594,654</u>	<u>\$1,344,537</u>	<u>\$1,939,191</u>

The accompanying notes are an integral part of this statement.

**WRMO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF NEW ORLEANS**

**Statement of Cash Flows - Operating Fund - Restricted
For the Year Ended June 30, 2001
(With Comparative Totals for 2000)**

	2001	2000
Cash flows from operating activities:		
Change in net assets	\$180,309	\$181,113
Adjustments to reconcile excess of support and services over expenses to net cash used in operating activities - changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(20,424)	36,800
Gain (loss) on investments	(5,485)	3,682
Increase (decrease) in accounts payable	5,770	(804)
Increase in accrued sick and annual leave payable	7,070	4,734
Net cash provided by operating activities	<u>157,240</u>	<u>231,525</u>
Cash flows from investing activities:		
Proceeds from sale of investments	33,444	33,329
Purchase of property and equipment	(115,689)	(158,287)
Net cash used by capital activities	<u>(82,245)</u>	<u>(124,958)</u>
Net increase in cash and cash equivalents	69,655	79,253
Cash and cash equivalents at beginning of year	<u>1,514,515</u>	<u>1,405,262</u>
Cash and cash equivalents at end of year	<u>\$1,584,170</u>	<u>\$1,114,515</u>

The accompanying notes are an integral part of this statement.

**WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

*Notes to the Financial Statements
As of and for the Year Ended June 30, 2001*

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of WWNO-FM Radio Station have been prepared on the accrual basis, except that no depreciation has been taken on equipment. The significant accounting policies followed are described below.

Organization

The Louisiana State University Board of Supervisors (the Board), the governing body over all campuses under the organizational structure of the LSU System, approved establishment of a public radio station (network) to be housed at, and operated by, the University of New Orleans (UNO). In February 1972, the Federal Communication Commission (FCC) assigned the radio station the call letters WWNO-FM. The Corporation for Public Broadcasting (CPB) was contacted in an effort to gain an understanding of the requirements to become a CPB "supported" station. In 1973, the radio station attained this status.

In December 1984, WWNO received permission to establish a second radio station to serve the Thibodaux and Houma areas. In February 1995, the FCC assigned this second radio station the call letters KTLN. KTLN received its license and began operating as a simulcast of WWNO-FM in August 1995.

WWNO-FM Radio Station is a departmental budget unit of UNO and is reported in the university's annual financial statements in the same respect as a public service department.

Fund Accounting

The assets, liabilities, and net assets of the station are reported in two self-balancing fund groups as follows:

Unrestricted funds include resources that are available for support of the station's operations and investment in equipment. Restricted funds include the amounts received with stipulations that limit the use of the assets.

Revenue Recognition

Contributions and pledges are recorded as revenue in the Statement of Financial Activity when received. Revenue from grants is recognized as revenue to the extent that expenses are incurred. WWNO-FM Radio Station does not recognize revenue from the fund raising activities by the UNO Foundation until the quarterly net collections are transferred to the WWNO revenue accounts.

**WVND-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

Statement of Cash Flows

Cash flows are presented using the indirect method. Cash equivalents include demand deposits, and investments consist of United States Government securities.

Income Taxes

The radio station is exempt from federal income tax, except on activities unrelated to its exempt purposes, under Internal Revenue Code Section 501(c)(3). There was no required provision for income taxes for fiscal year 2001.

Equipment

Equipment is recorded at cost or, in the case of donated equipment, at its estimated fair market value at the date of receipt. Depreciation is not recognized, but equipment is adjusted when the equipment is replaced. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

In-kind Contributions

Donated facilities provided by UNO consist of office and studio space together with related occupancy costs and are recorded in revenue and expense.

2. CASH AND CASH EQUIVALENTS

At June 30, 2001, cash and cash equivalents consist of interest-bearing demand deposits totaling \$1,205,470. These deposits are part of pooled cash held and controlled by UNO (Louisiana State University System) and are secured from risk by the university through a custodial agreement. The risk disclosures required by accounting principles generally accepted in the United States of America are included within the Louisiana State University System's general purpose financial statements.

3. INVESTMENTS

At June 30, 2001, pooled investments have a book value of \$160,750 and are reported at fair market value of \$160,252 in accordance with Government Accounting Standard Board (GASB) Statement No. 31. Investments are managed by UNO (Louisiana State University System) and credit risk disclosures required by generally accepted accounting principles are included within the Louisiana State University System's general purpose financial statements.

**WVNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

4. EQUIPMENT

A summary of changes in equipment follows:

Balance at July 1, 2000	\$524,307
Adjustment	<u>(54,380)</u>
Balance at July 1, 2000, restated	\$469,927
Deletions	<u>(21,380)</u>
Additions	<u>115,890</u>
Balance at June 30, 2001	<u>\$564,337</u>

A breakdown of equipment (acquisition value of \$1,000 or more) follows:

Office furniture and fixtures	\$26,521
Satellite dish, transmitter, and antenna	256,683
Studio and other broadcast equipment	<u>281,028</u>
Balance at June 30, 2000	<u>\$564,232</u>

The equipment balance at June 30, 2000, was adjusted for \$64,380 to correct an error and to reflect a change in WVNO-FM's capitalization policy. Antenna mounting brackets totaling \$14,800 were capitalized in error in the prior year. The mounting brackets are attached to a tower leased by the station for its broadcast antenna and once attached become the property of the lessor per the lease agreement.

WVNO-FM follows Louisiana Property Assistance Agency (LPAAG) policy for capitalizing and reporting equipment. The LPAAG changed the dollar threshold for capitalizing equipment from \$250 to \$1,000 in September 2000. Therefore, the reported balances have been adjusted by \$76,271 to reflect the impact of the change in capitalization policy. The balance of equipment at June 30, 2001, includes only movable property items with an acquisition cost of \$1,000 or above.

5. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. Upon separation of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 360 hours. In addition, unclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 20 days upon retirement or death. The method for computing the liability for unused annual and sick leave has been modified to implement GASB Statement No. 16, Accounting for

**WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

Compensated Absences. The liability for compensated absences has thus been calculated on a maximum of 300 hours of accumulated annual leave and on a maximum of 200 hours of accumulated sick leave for unclassified employees having at least 10 years of retirement system credit. The employer's portion of the Medicare tax and/or social security tax expected to be paid on the calculated liability for annual and sick leave has been included in the estimated liability for compensated absences.

The liability for unused annual leave and unused sick leave at June 30, 2001, is estimated to be \$40,684.

6. LONG-TERM DEBT

There is no long-term debt at June 30, 2001.

7. LEASES

The radio station was obligated for three operating leases for the rental of tower space for the operation of WWNO-FM Radio Station. Total rental expense for 2001 was \$49,240.

The future lease payments due under the noncancelable lease agreements at June 30, 2001, are as follows:

<u>Year</u>	<u>Amount</u>
2002	\$42,300
2003	42,300
2004	40,380
2005	41,800
2006-2009	<u>148,800</u>
Total	<u>\$315,300</u>

8. PENSION PLANS

Substantially all employees of the radio station are members of the Louisiana State Employees Retirement System (LASERS) or the Louisiana Teachers Retirement System (TRS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement system are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

**WYNO-JM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 98123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 325-0446 and/or the Louisiana State Employees Retirement System, Post Office Box 42713, Baton Rouge, Louisiana 70804-4213, or by calling (225) 382-0808 or (800) 268-2800.

The contribution requirements of plan members and the radio station are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (R.S.) 11:100. Employees contribute 6% (TRS) and 7.5% (LASERS) of covered salaries. The state is required to contribute 14.2% of covered salaries to TRS and 13% of covered salaries to LASERS. The radio station's employer contribution is funded by the State of Louisiana through the annual appropriation to the radio station. The radio station's employer contributions to TRS for the years ended June 30, 2001, 2000, and 1999, were \$13,187, \$15,353, and \$9,723, respectively, and to LASERS for the years ended June 30, 2001, 2000, and 1999, were \$8,918, \$11,537, and \$11,044, respectively, equal to the required contributions for each year.

B. OPTIONAL RETIREMENT SYSTEM

R.S. 11:521 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid the radio station in recruiting employees who may not be expected to remain in the TRS for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of those benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Contributions by the radio station are 14.2% of the covered payroll. The participant's contribution, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan for the years ended June 30, 2001, 2000, and 1999, were \$18,821, \$30,478, and \$11,745, respectively.

**WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

10. BOARD DESIGNATED CAPITAL RESERVE

The Corporation for Public Broadcasting, *Principles of Accounting and Financial Reporting for Public Telecommunications Entities*, October 1999, provides that funds designated by the governing board of a station are not endowment funds but are board designations of unrestricted funds. The WWNO Advisory Board has designated \$725,000 as a reserve for capital outlay. UNO has recorded the \$725,000 in the Endowment Fund on its annual financial statements.

11. PRIOR YEAR FINANCIAL STATEMENTS

The financial information shown for 2000 in the accompanying financial statements is included to provide a basis for comparison with 2001 and presents summarized totals only.

**WVNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATION ENTITY OPERATED
BY THE UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended June 30, 2001**

The following supplemental information schedule presents the Schedule of Functional Expenses for amounts presented on Statement B for the year ended June 30, 2001.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF NEW ORLEANS

Schedule of Functional Expenses
For the Year Ended June 30, 2001
(With Comparative Totals for 2000)

	PROGRAM SERVICES			
	PROGRAM AND PRODUCTION	BROADCASTING	PUBLIC INFORMATION AND PROMOTION	TOTAL PROGRAM SERVICES
Employee salaries and wages	\$144,000	\$69,400	\$69,000	\$282,400
Employee benefits	29,811	13,139	11,219	54,169
Travel	3,000	1,857	1,140	6,007
Town rent		43,000		43,000
Utilities		1,510		1,510
Program costs	268,018	3,000	19,007	290,025
Contracts	17,000	16,271	3,869	37,140
Repairs and maintenance	504	2,500	504	3,508
Advertising			19,079	19,079
Subscriptions and memberships	971	1,070	574	2,615
Radio research expenditure	3,879			3,879
Music collection	1,000			1,000
Printing, publications, and graphics			19,569	19,569
Telephones, wiring, postage	23,175	11,190	11,213	45,578
Supplies	9,379	50,000	4,300	63,679
Sevices		5,000		5,000
VoiceMailward				
Auditor's fee		1,111	1,074	2,185
Sick/annual leave	2,437			2,437
Indirect administrative support	79,545	37,700	37,840	155,085
Postage and shipping				
Work study			200	200
Construction				
Software	1,000	274	2,847	4,121
Miscellaneous	379	5,117	818	6,314
Total	\$508,349	\$212,441	\$199,382	\$919,172

SUPPORTING SERVICES					
MANAGEMENT AND GENERAL	AND MEMBERSHIP DEVELOPMENT	UNDERWRITING AND GRANT SOLICITATION	TOTAL SUPPORTING SERVICES	TOTAL EXPENSES	
				2001	2000
\$40,000	\$44,308	\$21,875	\$102,147	\$49,621	\$381,411
1,301	18,368	4,200	23,867	70,588	88,348
1,544	1,428	89	3,163	10,281	12,662
				41,588	48,348
				7,572	22,662
	1,304		1,304	274,583	248,311
803	8,882		10,008	49,823	34,388
804	804	804	1,812	5,943	2,488
2,882			2,882	32,002	18,461
268	3,041	268	3,885	8,188	8,841
				5,878	4,728
				1,888	888
804	1,808		2,712	18,281	22,881
7,387	18,348	3,821	29,557	88,841	88,481
3,884	2,882	1,388	8,254	82,682	24,388
				1,888	5,888
	18,888		18,888	78,888	8,128
3,088			3,088	3,088	3,088
178	1,084	288	2,238	7,078	4,738
24,882	24,888	11,882	71,712	228,878	217,888
				288	18,888
					1,884
					48,888
5,478	18,248	278	23,882	28,478	288
88	172	88	248	7,288	887
\$485,481	\$473,682	\$44,451	\$951,805	\$1,387,772	\$1,585,521